

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7327

BILL NUMBER: SB 523

NOTE PREPARED: Apr 15, 2015

BILL AMENDED: Apr 14, 2015

SUBJECT: Marion County Small Claims.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR: Rep. Frizzell

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill has the following provisions:

Court of Record: It makes the township small claims courts in Marion County courts of record after July 1, 2018.

Full-Time Judges: It makes the township small claims courts: (1) full-time courts before 2018, unless the township board objects; and (2) full-time courts after 2018 by operation of law.

Annual Salary: The bill sets the annual salary of a full-time small claims court judge at 80% of the salary of a Marion County circuit or superior court judge.

Jurisdiction: It increases jurisdictional amounts to \$8,000 on July 1, 2018.

Data: The bill allows the courts to use the Odyssey case management system.

Fee Transfer: It defines "low-caseload court" and requires certain fees to be transferred to low-caseload courts.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: The state General Fund will receive less revenue if more cases are filed in township small claims courts as the result of the change in the dollar-value jurisdiction and of small claims courts being a court of record after July 1, 2018. The loss is estimated between \$88,990 and \$168,084.

Additional Information - More cases may be filed in the small claims courts due to the dollar-value limit of jurisdiction increasing from \$6,000 to \$8,000. Shifting civil cases from the circuit and superior court to Marion County small claims courts could reduce revenue to the state General Fund between \$92,975 and \$175,610 from court fees.

Currently, actions to collect debts and other types of civil cases in excess of \$6,000 are filed as civil plenary actions with a filing fee of \$100. Of this fee, 70%, or \$70, is deposited in the state General Fund if the case is filed in a trial court. Consequently, the state General Fund would lose \$70 for every case that would now be filed in the Marion County trial courts as a civil plenary case and, instead, would be filed in the Marion County Township small claims court.

However, the state General Fund receives an estimated \$3 court administration fee for each case filed in a small claims court, or an estimated \$3,985 to \$7,526, if additional cases are filed in a small claims court.

The effects on case filings from a 1990 change in Marion County's small claims courts' jurisdiction from \$3,000 to \$6,000 was used to estimate the effects of this proposed change. Civil cases filed in Marion County were 21% less during the three-year period after enactment of the jurisdiction change as compared to the three years before the increase. During the same period, small claims cases filed in Marion County township small claims courts increased by 11%.

Summary of NET Local Impact: The bill potentially results in increased fee revenue for township general funds of \$56,120 to \$106,000, and a loss to Marion County and its municipalities of \$39,850 to \$75,260, from changes to small claims court jurisdiction.

(Revised) Salaries for small claims court judges will increase on average by \$37,461, although some townships will have reduced judicial salary expense. All small claims courts will become full-time courts after July 1, 2018, and the judges' salaries will be 80% of the circuit court judges salary. [Before July 1, 2018, a township may adopt a resolution to remain a part-time court, and the judge's salary would be determined by the township board and approved by the city-county council until July 1, 2018.]

Also, up to seven of the small claims courts could transfer funds from their docket fee to the township trustee of up to two small claims courts that have been designated low-caseload courts by the circuit court judge.

The circuit court judge of Marion County may incur additional indeterminate increase in workload to make and adopt uniform rules for practice and procedure in the small claims courts.

Explanation of Local Expenditures: *Judge's Salary:* The small claims court judge would be a full-time position (currently, it is a decision of the township for the position to be full-time or part-time), and the compensation would be set by statute at 80% of the state portion of the salary paid the Marion County circuit

court judge. In CY 2013, small claims court judges were paid \$69,534 on average, ranging from \$59,501 to \$103,692. Eighty percent of the 2013 Marion County circuit court salary is estimated at \$106,995, or \$37,461 more than the average paid by the townships. [Note: Outside of being a small claims court judge, judges currently may maintain a law practice, in certain circumstances. After July 1, 2018, the small claims court judges will not be allowed to do so under the bill. This could reduce the total compensation that small claims court judges earn overall.]

Township Docket Fees: Some of the small claims courts would transfer \$1 of the docket fee they receive to up to two courts that are designated low-caseload courts by the circuit court judge. [The township docket fee is \$5, plus 45% of the infraction or ordinance violation fee.]

Additional Information - For example, in 2013, Decatur Township small claims court had 667 cases pending, the only court below the 1,600 caseload criterium in the bill. If the circuit court judge had designated the court a low-caseload court, the other small claims courts would have transferred a total of \$59,010 to the Decatur Township trustee, a portion of which would have been paid at the close of each month. The average annual transfer per court would have been \$7,376 based on the 2013 new filings.

(Revised) *Data:* Seven of the nine Marion County small claims courts are already using the statewide case management system, Odyssey. The courts currently using Odyssey are Center, Lawrence, Perry, Warren, Washington, Wayne, and Franklin Townships. There is no fee or direct cost for using the case management system. However, a court must have computers, label printers, and an Internet connection.

Explanation of Local Revenues: *Jurisdiction:* In addition to the cases currently filed in small claims courts, it is estimated that between 1,328 and 2,508 more cases will be filed in a small claims court instead of a trial court. (See *Explanation of State Revenue*). Changing the jurisdiction of small claims courts will potentially increase court fee revenue for the small claims courts and decrease court fee revenue for Marion County and its municipalities.

State Agencies Affected: State General Fund.

Local Agencies Affected: Marion County small claims courts, Marion County circuit court judge.

Information Sources: Gateway for Government, State Employee Salaries from Indiana Transparency Portal, 2013 *Indiana Trial Court Statistics*, <http://www.in.gov/judiciary/admin/2666.htm>, electronic communication with Mary Deprez on April 14, 2015.

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